

§ 285.518–285.519

30 CFR Ch. II (7–1–09 Edition)

§ 285.518–285.519 [Reserved]

**FINANCIAL ASSURANCE FOR LIMITED
LEASES, ROW GRANTS, AND RUE
GRANTS**

**§ 285.520 What financial assurance
must I provide when I obtain my
limited lease, ROW grant, or RUE
grant?**

(a) Before MMS will issue your limited lease, ROW grant, or RUE grant, you or a proposed assignee must guarantee compliance with all terms and conditions of the lease or grant by providing either:

(1) A \$300,000 minimum, lease- or grant-specific bond; or

(2) Another approved financial assurance instrument of such minimum level as specified in §§ 285.526 through 285.529.

(b) You meet the financial assurance requirements under this subpart if your designated lease or grant operator provides a minimum limited lease-specific or grant-specific bond in an amount sufficient to guarantee compliance with all terms and conditions of the limited lease or grant.

(1) The dollar amount of the minimum, lease- or grant-specific financial assurance in paragraph (a)(1) of this section will be adjusted to reflect changes in the CPI-U or a substantially equivalent index if the CPI-U is discontinued; and

(2) The first CPI-U-based adjustment can be made no earlier than the 5-year anniversary of the adoption of this rule. Subsequent CPI-U-based adjustments may be made every 5 years thereafter.

**§ 285.521 Do my financial assurance
requirements change as activities
progress on my limited lease or
grant?**

(a) The MMS may require you to increase the level of your financial assurance as activities progress on your limited lease or grant. We will base the determination for the amount of financial assurance requirements on our estimate of the cost to meet all accrued lease or grant obligations, including:

(1) The projected amount of rent and other payments due the Government over the next 12 months;

(2) Any past due rent and other payments;

(3) Other monetary obligations; and

(4) The estimated cost of facility decommissioning.

(b) You may satisfy the requirement for increased financial assurance levels for the limited lease or grant by increasing the amount of your existing bond or replacing your existing bond.

(c) The MMS will authorize you to establish a separate decommissioning bond or other financial assurance for your limited lease or grant.

(1) The separate decommissioning bond or other financial assurance instrument must meet the requirements specified in §§ 285.525 through 285.529.

(2) The MMS will allow you to provide your financial assurance for decommissioning in accordance with the number of facilities installed or being installed. The MMS must approve the schedule for providing the appropriate financial assurance coverage.

§§ 285.522–285.524 [Reserved]

**REQUIREMENTS FOR FINANCIAL
ASSURANCE INSTRUMENTS**

**§ 285.525 What general requirements
must a financial assurance instru-
ment meet?**

(a) Any bond or other acceptable financial assurance instrument that you provide must:

(1) Be payable to MMS upon demand; and

(2) Guarantee compliance of all lessees, grant holders, operators, and payors with all terms and conditions of the lease or grant, any subsequent approvals and authorizations, and all applicable regulations.

(b) All bonds and other forms of financial assurance must be on or in a form approved by MMS. You may submit this on an approved form that you have reproduced or generated by use of a computer. If the document you submit omits any terms and conditions that are included on the MMS-approved form, your bond is deemed to contain the omitted terms and conditions.

(c) Surety bonds must be issued by an approved surety listed in the current Treasury Circular 570, as required by 31 CFR 223.16. You may obtain a copy of